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RECEIVED
MAY - 1 2003
WATER RIGHTS
SALT LAKE

G. KEITH DENOS, GENERAL MANAGER

May 1, 2003

Jerry Olds, P.E.
Utah State Engineer
1636 West North Temple, #200
Salt Lake City, UT 84116

Re: Deer Creek Reservoir/Jordanelle Reservoir Operating Agreement - May 1 Election Under Paragraph 9(b)

Dear Mr. Olds: *Jerry*

Pursuant to paragraph 9(b) of the Deer Creek Reservoir/Jordanelle Reservoir Operating Agreement ("Operating Agreement"), Provo River Water Users Association ("PRWUA") hereby elects that all the water available under subparagraphs 9(b), not to exceed 10,000 acre-feet ("AF"), be allocated to PRWUA as Provo River Project ("PRP") waters on the applicable terms and conditions set forth in subparagraphs 9(b)(1) through 9(b)(4) inclusive. We estimate that after appropriate deductions for evaporation there is sufficient PRP foreign return flow water in Utah Lake from previous years. The storage and allocation of those waters should be first from PRP water right no. 55-262 (A12144). The balance should be allocated from PRP water right no. 55-295 (A16642). We respectfully request that such allocation be made when the quantities of water stored under each water right are determined.

The water stored under PRP water rights as described above shall be subject to the replacement to PacifiCorp for the energy losses at the Olmstead power plant resulting from such storage. PRWUA will be subject to a debit to PRWUA's energy credit balance with PacifiCorp under paragraph 11 of the 1938 Power Contract in accordance with paragraph 9(b) of the Operating Agreement.

As a further result of the above, the Central Utah Water Conservancy District ("CUWCD") would not be required to replace the corresponding losses in generation at the Deer Creek power plant and would be entitled to a credit for such reductions charged to CUWCD.

We trust that the foregoing will meet with your approval. Please call if you have any questions.

Sincerely,

G. Keith Denos, P.E.
General Manager

cc: Stanley Roberts Provo River Commissioner
Richard Tullis Central Utah Water Conservancy District
Jay Henrie Bureau of Reclamation
Jack Kolkman PacifiCorp